



Billing Code: 5001-06

## **DEPARTMENT OF DEFENSE**

### **Office of the Secretary**

#### **Department of Defense Science and Technology Reinvention Laboratory (STRL) Personnel Management Demonstration (Demo) Project Program**

**AGENCY:** Assistant Secretary of Defense for Research and Engineering, DoD.

**ACTION:** Amendment of existing STRL Personnel Management Demonstration Project Programs.

**SUMMARY:** STRLs may implement a new workforce shaping pilot program which provides the STRL lab directors the authority to dynamically shape the mix of technical skills and expertise in the workforces of such laboratories to achieve one or more of the objectives in section 1109(a) of the NDAA for FY2016. The suite of workforce shaping tools available to STRL lab directors includes flexible length and renewable term technical appointments, modified re-employed annuitant authority, and modified voluntary early retirement and separation incentive authorities.

**DATES:** This notice may be implemented beginning on [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

#### **FOR FURTHER INFORMATION CONTACT:**

Department of the Army:

- ARL: Ms. Dianne Hawkins, Program Manager, ARL Personnel Demonstration Project, AMSRD-ARL-O-HR, 2800 Powder Mill Road, Adelphi MD 20783-1197;
- AMRDEC: Mr. Chad Marshall, Demonstration Project Manager, AMRDEC, 5400 Fowler Road, Redstone Arsenal AL 35898-5000;

- CERDEC: Mr. Christopher Tahaney, CERDEC Personnel Demonstration Project Administrator, C4ISR Campus Building 6002, Room D3126D, ATTN: RDER-DOS-WE, Aberdeen Proving Ground, MD 21005;
- ECBC: Ms. Patricia Milwicz, Management and Program Analyst, ECBC, Office of the Technical Director, Workforce Management Office, Department of the Army, ATTN: RDCB-DPC-W, 5183 Blackhawk Road, Building 3330, Aberdeen Proving Ground MD 21010-5424;
- ERDC: Ms. Patricia Sullivan, Personnel Demonstration Project Manager, U.S. Army ERDC, 3909 Halls Ferry Road, Vicksburg MS 39180-6199;
- MPMC: Ms. Linda Krout, Personnel Demonstration Project Manager, 505 Scott St, Fort Detrick MD 21702-5000;
- NSRDEC: Ms. Joelle Montecalvo, Demonstration Project Manager, NSRDEC, Kansas Street, (AMSRD-NSR-BO-W), Natick MA 01760;
- TARDEC: Ms. Jennifer Davis, TARDEC, ATTN: RDTA-CS/MS 204, Warren MI 48397-5000; and
- ARDEC: Mr. Mike Nicotra, U.S. Army ARDEC, Human Capital Management Office, Building 1, 3<sup>rd</sup> Floor, RDAR-EIH, Picatinny Arsenal NJ 07806-5000. ARI: (Pending draft FRN)
- Department of the Air Force:
- AFRL: Ms. Rosalyn Jones-Byrd, Personnel Demonstration Project Manager, AFRL, 1864 4th Street, Wright-Patterson Air Force Base OH 45433-5209.

Department of the Navy:

- ONR: Ms. Margaret J. Mitchell, Director, Civilian Human Resources, ONR, 875 North Randolph Street, Code BD, Arlington VA 22203;
- NRL: Ms. Ginger Kisamore, Human Resources Officer, NRL, 4555 Overlook Avenue., SW, Washington DC 20375-5320;
- NAVSEA Warfare Centers: Ms. Diane Brown, NAVSEA Warfare Centers Personnel Demonstration Project Manager, Naval Surface Warfare Center Philadelphia Division, 5001 South Broad Street, Philadelphia PA 19112-5083;
- NAVAIR, Weapons Division and Aircraft Division: Mr. Richard Cracraft, Naval Air Warfare Center, Weapons Division (NAWCWD), Code 730000D, 1 Administration Circle, Building 00464, China Lake CA 93555-6100; and
- Space and Naval Warfare Systems Command, Space and Naval Warfare Systems Center (SSC):
  - **SSC Atlantic:** Ms. Veronica Truesdale, SSC Atlantic STRL Project Lead, SSC Atlantic, P.O. Box 190022, North Charleston SC 29419-9022; and
  - **SSC Pacific:** Ms. Angela Hanson, SSC Pacific STRL Project Lead, SSC Pacific, 53560 Hull Street, San Diego CA 92152-5001.

DoD:

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## **SUPPLEMENTARY INFORMATION:**

### **1. Background**

Section 342(b) of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 1995, Public Law (Pub. L.) 103-337, as amended by section 1109 of the NDAA for FY 2000, Pub. L. 106-65, section 1114 of the NDAA for FY 2001, Pub. L. 106-398, and section 211 of the NDAA for FY 2017, Pub. L. 114.328, authorizes the Secretary of Defense (SECDEF), through the Assistant Secretary of Defense for Research and Engineering (ASD (R&E)), to conduct personnel demonstration projects at DoD laboratories designated as science and technology reinvention laboratories (STRLs). All STRLs authorized by section 1105 of the NDAA for FY 2010, Pub. L. 111-84, as well as any newly designated STRLs authorized by SECDEF or future legislation may use the provisions described in this Federal Register Notice (FRN). STRLs implementing this flexibility must have an approved personnel management demonstration project plan published in a FRN and shall fulfill any collective bargaining obligations. Each STRL shall establish internal operating procedures as appropriate. The 15 current STRLs are:

- Army Research Institute (ARI)
- Army Research Laboratory (ARL)
- Aviation and Missile Research, Development, and Engineering Center (AMRDEC)
- Communications-Electronics Research, Development, and Engineering Center (CERDEC)
- Edgewood Chemical Biological Center (ECBC)
- Engineer Research and Development Center (ERDC)
- Medical Research and Materiel Command (MRMC)
- Natick Soldier Research, Development and Engineering Center (NSRDEC)
- Tank Automotive Research, Development and Engineering Center (TARDEC)
- Armament Research, Development and Engineering Center (ARDEC)

- Space and Missile Defense Command (SMDC) Technical Center
- Air Force Research Laboratory (AFRL)
- Office of Naval Research (ONR)
- Naval Research Laboratory (NRL)
- Naval Sea Systems Command (NAVSEA) Warfare Centers
- Naval Air Systems Command (NAVAIR) Warfare Centers, Weapons Division and Aircraft Division
- Space and Naval Warfare Systems Command, Space and Naval Warfare Systems Center (SSC), Atlantic and Pacific

## **2. Overview**

### **I. Introduction**

#### *A. Purpose*

Section 1109 of the NDAA for FY 2016 establishes a workforce shaping pilot program for the STRLs. The purpose of the pilot program authority is to provide a suite of dynamic workforce shaping tools that allow the STRL lab directors to shape the mix of technical skills and expertise in the workforce to achieve one or more of the following strategic goals:

- (1) To meet organizational and Department-designated missions in the most cost-effective and efficient manner.
- (2) To upgrade and enhance the scientific quality of the workforces of such laboratories.
- (3) To shape such workforces to better respond to such missions.
- (4) To reduce the average unit cost of such workforces.

### *B. Required Waivers to Law and Regulation*

Section 1109 of the NDAA for FY 2016 waived Sections 8336(d)(2)(D), 8414(b)(1)(B), clause (iv) and (v), 3522, 3523(b)(1) and (3) of title 5, United States Code (U.S.C.). Appendix A lists the laws, rules, and regulations that require waivers to implement this workforce shaping pilot program.

### *C. Expected Benefits*

The workforce shaping pilot program is expected to streamline and enhance the STRLs' ability to manage, plan, and structure their workforces, in accordance with the goals of the pilot program. Pilot program flexibilities will allow lab directors to enhance and align the technical capabilities of the laboratories with organizational and Departmental missions, and to best respond to missions in a cost-efficient manner.

### *D. Participating Organizations and Employees*

All DoD laboratories designated as STRLs under section 1105(a) of the NDAA for FY 2010 and section 1103 of the NDAA for FY 2015 (including any newly designated STRLs authorized by SECDEF or by future legislation) with approved personnel management demonstration project plans published in FRNs may use the provisions described in this FRN.

## **II. Personnel System Changes**

All current and future STRL demonstration project plans are hereby amended to add the following:

### **A. Flexible Length and Renewable Term Technical Appointments**

## **1. Authorized Positions**

a. STRLs may use the Flexible Length and Renewable Term Technical Appointments workforce shaping tool authorized by section 1109(b)(1) of the NDAA for FY 2016 to appoint qualified candidates who are not currently Department of Defense civilian employees into any scientific, technical, engineering, and mathematic positions, including technicians, for a period of more than one year but not more than six years. The appointment of any individual under this authority may be extended without limit in up to six year increments at any time during any term of service under conditions set forth by the STRL Director.

b. Civilian Personnel Management. As prescribed by Section 1109(b)(1)(D) of the NDAA for FY 2016, for the purposes of determining the workforce size of a laboratory for compliance with section 955 of the NDAA for FY 2013, any individual serving in an appointment under this paragraph will be considered a fractional employee of the laboratory, which the fraction is:

- The current term of the appointment of the individual under this paragraph; divided by:
- The average length of tenure of a career employee at the laboratory, as calculated at the end of the last fiscal year before the date of the most recent appointment or extension of the individual under this paragraph.

## **2. Definitions**

a. Qualified candidates are defined as individuals who meet the minimum qualification standards for the position as published in the OPM Qualification Standard or the STRLs' demonstration project qualification standards specific to the position to be filled.

b. Scientific, engineering, technical, mathematic, and technician (STEM) positions are those positions described in the STRL FRN (Appendix B) or Internal Operating Procedures in the

Scientist and Engineer and/or Technician/Technical Career Paths, or positions not classified under the broad-banding structure as defined in the applicable FRN utilized by the STRLs, that directly support science and engineering activities. Non-broad-banded positions will be identified in individual STRL internal operating procedures.

c. Term appointments, for the purposes of this authority, are non-status appointments to a position in the competitive service for a specific period of more than one year; however, incumbents may compete as “status candidates” for the purpose of eligibility for positions in the Federal service.

### **3. Provisions**

a. Use of the Flexible Length and Renewable Term Technical Appointment authority must be consistent with merit system principles.

b. Current DoD employees may not be appointed to positions under this authority.

c. Initial appointments must be more than one year, but not to exceed six years in duration.

d. Individuals appointed under this authority may be eligible for noncompetitive conversion to a permanent appointment if the job opportunity announcement clearly stated the possibility of being made permanent in addition to any other provision in the STRL’s existing modified term appointment authority.

e. Unless otherwise eligible for a noncompetitive hiring authority, positions filled under this authority must be competed. Job opportunity announcements must clearly identify the type of appointment and the expected duration of initial appointment (up to six years). It is advisable to include a statement that the position may be extended, without limit, in up to six year increments, to enable extensions beyond the initial term of appointment.



f. Appointees will be afforded equal eligibility for employee programs and benefits comparable to those provided to similar employees on Term appointments at each STRL, to include opportunities for professional development and eligibility for award programs.

g. In accordance with Section 1109(b)(1)(B) of the NDAA for FY 2016 and part 1.3, Subpart A, of title 5 CFR, appointees will be afforded the opportunity to apply for vacancies that are otherwise limited to “status ” candidates. Appointees applying to other Federal service positions utilizing this authority must submit a copy of their Flexible Length and Renewable Term Technical appointment SF-50, Notification of Personnel Action, which will contain a remark identifying this provision, with their application/resume for the vacancy to which they are applying. The SF-50 will serve as notification to the servicing Human Resources Office for the vacancy that the individual is eligible for consideration as a status candidate.

h. Promotions. Individuals appointed under this hiring authority may be promoted while serving on a term appointment provided they meet the qualifications and eligibility requirements for the higher level to which they will be promoted.

i. Extension of appointments. The appointment of an individual appointed to a term appointment under this authority may be extended, without limit, in up to six year increments. Job opportunity announcements must have identified the opportunity for extension beyond the initial term of appointment. Extensions will be documented via a personnel action using nature of action code 765/Extension of Term Appt NTE and the same legal authority code used for the appointment that is being extended.

j. Expiration. Term appointments expire upon the not-to-exceed date, unless extended.

k. Reduction in Force (RIF). Appointees under 2.II.A. are covered by the RIF rules outlined in each STRL’s FRN. Tenure for term appointments will be in accordance with the STRL’s FRN.

If STRL RIF procedures do not comport with 10 U.S.C. 1597(f), RIF will be conducted in accordance with DEPSECDEF Memo, Policies and Procedures for Reductions in Force in the Civilian Workforce, dated January 19, 2017, until the STRL develops USD (P&R) approved policies and procedures that comport with 10 U.S.C. 1597(f).

1. Documenting Personnel Actions. Personnel actions for the appointments under 2.II.A. are documented citing the first legal authority code (LAC)/legal authority as Z2U/P.L. 103-337, if appointed to a broad-banded position. P.L. 114.92 (with appropriate LAC, once assigned) will also be cited on all personnel actions. The personnel action will also contain the following remark: This appointment is designated as a “status” appointment for the purposes of eligibility for applying for positions in the federal service in accordance with section 1109(b)(1)(B) of the NDAA for FY 2016.

## **B. Reemployment of Annuitants**

### **1. Authorities**

STRLs will use the authorities provided by 9902(g) of title 5, U.S.C. to appoint reemployed annuitants, as appropriate and in keeping with the goals of the workforce shaping pilot program stated in 2.I.A., except that section 1109(b)(2) of the NDAA for FY 2016 authorizes the director of any STRL to:

- a. Approve the appointment of reemployed annuitants; and
- b. Determine the salary of an annuitant reemployed under this authority, to include whether or not the annuitant’s salary will be reduced by any portion of the annuity received, up to the amount of the full annuity, as a condition of reemployment.

### **2. Definitions**

a. Reemployed annuitant is defined as an individual who is receiving an annuity from a federal retirement system based on creditable federal civilian service or who meets all requirements for entitlement to an annuity based upon creditable federal civilian service and has submitted a claim for retirement, and is subsequently reappointed as a federal civilian employee.

b. Period of actual employment is defined as the duration of an appointment under this authority, as determined by the initial appointment date and continuing until the date the appointment terminates or expires, and prorated based on the assigned work schedule. An annuitant so reemployed under this authority serves at the will of the appointing authority.

### **3. Provisions**

a. STRL lab directors will apply the authority to appoint annuitants in accordance with 9902(g) of title 5, U.S.C. and Department of Defense Instruction (DoDI) 1400.25-V300, except as stated in 2.II.B.1. Use of the authority must be consistent with merit system principles.

b. Documenting Personnel Actions. Personnel actions for the appointments under 2.II.B. are documented citing the first legal authority code (LAC)/legal authority as Z2U/P.L. 103-337 if appointed to a broad-banded position. P.L. 114.92 (with appropriate LAC, once assigned) will also be cited on all personnel actions.

c. STRL lab directors, or their delegate, will establish implementing guidance and procedures on the use of this reemployed annuitant flexibility.

d. Annuitants retired under Section 8336(d)(1) or Section 8414(b)(1)(A) of title 5, U.S.C. who are reemployed will retain the rights provided in accordance with Section 9902(g)(2)(A) of title 5, U.S.C.

### **C. Voluntary Early Retirement (VERA) and Voluntary Separation Incentive Pay (VSIP)**

## **1. Authorities**

a. Section 1109(b)(3) and (4) of the NDAA for FY 2016 pilots the use of VERA and VSIP whenever such incentives will help the STRLs to achieve one or more of the objectives in Section 1109(a). STRLs will use the authorities provided by 9902(f) of title 5, U.S.C. to offer VERA and VSIP, as appropriate, except that section 1109 of the NDAA for FY 2016 authorizes the director of any STRL to:

- i. Approve the use of voluntary early retirement and separation pay incentives;
- ii. Determine which employees should be offered such incentives; and
- iii. Determine the amount of voluntary separation incentive payments.

b. STRL will validate and document that VSIP is fully warranted and will judiciously ensure that eligibility factors specified in DoDI 1400.25, Volume 1702, other than those waived in this FRN, are applied.

## **2. Definitions**

a. Voluntary early retirement (VERA) is defined as a reduction in the age and service requirements for retirement as an incentive for employees to voluntarily retire and thereby facilitate workforce downsizing or restructuring.

b. Voluntary separation incentive pay (VSIP) is defined as a cash incentive for employees to voluntarily resign or to retire, via either optional or early retirement or resignation, in order to facilitate workforce downsizing or restructuring.

c. Reduction in force is (RIF) defined as a force shaping or reduction mechanism used for releasing STRL employees assigned to positions in designated competitive areas in order of their retention standing.

## **3. Provisions**

a. VERA and VSIP may be used upon a written determination by the STRL director that such incentives are necessary to shape the laboratory workforce to better fulfill mission requirements and achieve the optimum workforce balance. If the laboratory workforce is being downsized, incentives may be used to minimize the need for involuntary separations under reduction in force (RIF) procedures. In this downsizing scenario, early retirement and/or separation incentive pay may be offered to surplus employees who would otherwise be separated through RIF or to non-surplus employees whose positions could then be used to avert the involuntary RIF separation of surplus employees.

b. VERA and VSIP may also be used to restructure the laboratory workforce without reducing the number of assigned personnel. In this restructuring scenario, incentives may be offered for the purpose of creating vacancies that will be reshaped to align with mission objectives.

Restructuring incentives are helpful in situations such as correcting an imbalance of skills or for delayering an organization.

c. For the purposes of this pilot, STRL Directors will administer VERA and VSIP in accordance with DoD Instruction 1400.25, Volume 1702, “DoD Civilian Personnel Management System: Voluntary Separation Programs” with the following exceptions to Enclosure 3, “Guidance and Procedures:”

i. Par. 2.a.(6)(b) is waived to the extent that the STRL director may utilize the vacancy to correct a skills mismatch without restructuring the position.

ii. Par. 2.a.(7) is waived to the extent that the STRL director may offer VSIP in amounts not to exceed \$40,000 without regard to the amount of severance pay employees would receive under section 5595(c) of title 5 U.S.C. if the employees were entitled to severance pay. STRLs will document their rationale for determining payment amounts.

- iii. Par. 2.g.(1) is waived to the extent that STRLs may pay up to \$40,000 for VSIP from appropriations or accounts available for such purposes to avoid an involuntary separation or to effect a restructuring action.
- iv. Par. 2.b.(3)(d) is waived to the extent that a waiver is not required for employees occupying positions defined as “hard to fill.”

#### **D. Sunset Date and Conditions of Use**

- a. The workforce shaping pilot program authorities established by Section 1109 of the NDAA for FY 2016 will expire on December 31, 2023. Appointments/renewal of appointments made prior to December 31, 2023 may continue to expiration even if the expiration date is beyond December 31, 2023.
- b. These authorities may be amended by future legislation.
- c. STRL lab directors, or their delegate, will establish implementing guidance and procedures on the use of the workforce shaping pilot program authorities.

#### **E. Evaluation and Reporting**

STRLs will provide information and data on the use of the workforce shaping pilot program authorities including, but not limited to, hires made, declinations, veterans hired, separation incentives paid, VERAs approved, difficulties encountered, and/or recognized efficiencies, when requested by the SECDEF, head of the Military Department, DASD(R&E), or DASD(CPP).

## Appendix A

### United States Code and Code of Federal Regulations Waived

#### Science and Technology Reinvention Laboratories

<b>TITLE 5, UNITED STATES CODE</b>	<b>TITLE 5, CODE OF FEDERAL REGULATIONS</b>
	5 CFR 316.301 waived to the extent necessary to allow provisions of the flexible length and renewable term technical appointments described herein.
5 U.S.C. 3523(b)(3) waived to remove the prescribed method of incentive payment calculation and the \$25,000 incentive limit; allows the STRL director to determine amount of incentive paid to employees under the workforce shaping pilot program voluntary early retirement and separation incentive payment authorities, within the limit prescribed herein.  Subchapter 1 of Chapter 33 of title 5 U.S.C., waived to the extent necessary to allow employees appointed on a Flexible Length and Renewable Term Technical Appointment to apply for federal positions	5 CFR Parts 332 and 335 waived to the extent necessary to allow employees appointed on a Flexible Length and Renewable Term Technical Appointment to apply for federal positions as status candidates.

<b>TITLE 5, UNITED STATES CODE</b>	<b>TITLE 5, CODE OF FEDERAL REGULATIONS</b>
as status candidates.  5 U.S.C 9902(f) waived to the extent necessary to allow the authorities described herein.	

## Appendix B

### STRLs Federal Register Notice of Approval of a Demonstration Project Plan

#### Part 1: STRLs authorized by Director of Defense Research and Engineering, Memo 30

#### Aug 1994 and section 342 of FY 1995 NDAA, Pub. L. 103-337

<b>STRL</b>	<b>Federal Register Notice</b>
Air Force Research Laboratory	61 FR 60400 amended by 75 FR 53076
Army Research Laboratory	63 FR 10680
Aviation and Missile Research, Development, and Engineering Center	62 FR 34906 and 62 FR 34876 amended by 65 FR 53142  (AVRDEC and AMRDEC merged together)
Communications-Electronics Research, Development, and Engineering Center	66 FR 54872
Engineer Research and Development Center	63 FR 14580
Medical Research and Material Command	63 FR 10440
Naval Research Laboratory	64 FR 33970



Naval Sea Systems Command Warfare Centers	62 FR 64050
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**Part 2. STRLs authorized by section 1105 of FY 2010 NDAA, Pub. L. 111-84**

<b>STRL</b>	<b>Federal Register Notice</b>
Armament Research, Development and Engineering Center	76 FR 3744
Edgewood Chemical Biological Center	74 FR 68936
Natick Soldier Research, Development and Engineering Center	74 FR 68448
Naval Air Systems Command Warfare Centers, Weapons and Aircraft Divisions	76 FR 8530
Office of Naval Research	75 FR 77380
Space and Naval Warfare Systems Command, Space and Naval Warfare Systems Center, Atlantic and Pacific	76 FR 1924
Tank Automotive Research, Development and Engineering Center	76 FR 12508

Dated: September 11, 2017.

Aaron Siegel,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2017-19576 Filed: 9/14/2017 8:45 am; Publication Date: 9/15/2017]